

Message Text

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67

ORIGIN ARA-10

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TO AMEMBASSY SANTIAGO IMMEDIATE

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E.O. 11652:N/A

TAGS:

SUBJECT:AGRICULTURAL PRODUCTION CREDIT LOAN - DRAFT
AUTHORIZATION

REF: SANTIAGO 1507

1. AS REQUESTED, FOLLOWING ARE PRINCIPAL CP'S AND COVENANTS
CONTAINED IN PRESENT DRAFT REPEAT DRAFT AUTHORIZATION:

-- "C. PRIOR TO THE ISSUANCE OF ANY COMMITMENT DOCUMENT
OR ANY DISBURSEMENT UNDER THE LOAN FOR THE PROVISION OF
AGRICULTURAL PRODUCTION CREDIT THROUGH THE INSTITUTO DE
DESARROLLO AGROPECUARIO ("INDAP"), BORROWER SHALL SUBMIT TO
A.I.D., IN FORM AND SUBSTANCE SATISFACTORY TO A.I.D.:

-- 1. A DETAILED IMPLEMENTATION PLAN, INCLUDING INDAP'S
-- LENDING REGULATIONS AND CRITERIA, A FIRST YEAR
-- PLAN FOR ALLOCATION OF CREDIT, A STAFFING PLAN,
-- AND PLANS FOR TRAINING PROFESSIONAL AND TECHNICAL

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-- FIELD PERSONNEL;

-- 2. EVIDENCE THAT THE BORROWER'S CONTRIBUTION FOR THE
-- CAPITALIZATION OF THE INDAP CREDIT ACTIVITY WILL BE
-- AVAILABLE IN A TIMELY MANNER;

---- 3. EVIDENCE THAT INDAP HAS ESTABLISHED A SEPA-
---- RATE ACCOUNT FOR THE CREDIT ACTIVITY TO BE
---- FINANCED WITH FUNDS MADE AVAILABLE UNDER THE
---- LOAN.

-- D. PRIOR TO THE ISSUANCE OF ANY COMMITMENT DOCUMENT
OR ANY DISBURSEMENT UNDER THE LOAN FOR THE PROVISION OF
AGRICULTURAL PRODUCTION CREDIT OTHER THAN THROUGH INDAP,
BORROWER SHALL SUBMIT TO A.I.D., IN FORM AND SUBSTANCE
SATISFACTORY TO A.I.D.:

---- 1. A DETAILED IMPLEMENTATION PLAN, INCLUDING
---- LENDING AND OPERATING REGULATIONS GOVERNING
---- TRANSACTIONS BETWEEN THE CENTRAL BANK AND
---- PARTICIPATING BANKS, SUB-BORROWER SELECTION
---- AND LENDING CRITERIA, AND A FIRST YEAR
---- CREDIT ALLOCATION PLAN;

---- 2. EVIDENCE THAT THE BORROWER'S CONTRIBUTION
---- FOR THE CAPITALIZATION OF THIS CREDIT
---- ACTIVITY WILL BE AVAILABLE IN A TIMELY
---- MANNER.

-- "E. PRIOR TO THE ISSUANCE OF ANY COMMITMENT DOCUMENT
OR ANY DISBURSEMENT UNDER THE LOAN FOR THE POLICY PLANNING
AND INFORMATION SYSTEM ("PPIS") ACTIVITY, EXCEPT FOR SHORT
TERM TECHNICAL ASSISTANCE FOR SUCH ACTIVITY, BORROWER
SHALL SUBMIT TO A.I.D., IN FORM AND SUBSTANCE SATISFACTORY
TO A.I.D.:

---- 1. A TECHNICAL DETERMINATION OF THE MOST AP-
---- PROPRIATE CONFIGURATION FOR ALL DATA
---- PROCESSING ELEMENTS OF THIS ACTIVITY;

---- 2. A FINANCIAL PLAN FOR THE FIRST YEAR OF THIS
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---- ACTIVITY.

-- "F. PRIOR TO THE ISSUANCE OF ANY COMMITMENT DOCU-
MENTS UNDER THE LOAN FOR THE CREDIT OR PPIS ACTIVITIES
DURING THE SECOND AND THIRD YEARS FOLLOWING THE INITIAL
DISBURSEMENT UNDER THE LOAN, THE BORROWER SHALL HAVE SUB-
MITTED TO A.I.D., IN FORM AND SUBSTANCE SATISFACTORY TO
A.I.D., DETAILED PLANS FOR THE USE OF LOAN FUNDS FOR SUCH

SECOND AND THIRD YEARS.

-- "G. BORROWER SHALL COVENANT THAT, EXCEPT AS A.I.D.
MAY OTHERWISE AGREE IN WRITING:

---- 1. ALL AGRICULTURAL PRODUCTION CREDIT FINANCED
---- UNDER THE PROJECT SHALL ACCRUE INTEREST AT
---- POSITIVE RATES WHICH REFLECT THE MARKET
---- VALUE OF MONEY IN CHILE AND SHALL REPRESENT
---- A NET ADDITION TO THE AGRICULTURAL CREDIT
---- AVAILABLE IN CHILE;

---- 2. IT WILL ASSURE INDAP OF BUDGET SUPPORT SUFFICIENT TO ENABLE INDAP TO ADMINISTER THE
---- INDAP CREDIT ACTIVITY UNDER THE PROJECT
---- SATISFACTORILY, AND TO AVOID DECAPITALIZATION OF THE RESOURCES FOR SUCH ACTIVITY."

2. UNDERSTAND PAUL FRITZ WILL BRING USAID COMMENTS ON THIS
DRAFT LANGUAGE WITH HIM WHEN HE VISITS AID/W LATER THIS
WEEK. KISSINGER

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